

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF (COMPANY NAME) FOR )  
APPROVAL OF CHANGES IN ITS GAS RATES ) CAUSE NO. XXXXX GCA XX  
THROUGH A GAS COST ADJUSTMENT IN )  
ACCORDANCE WITH IND. CODE § 8-1-2-42(g) ) APPROVED:  
FOR THE PERIOD (Month, Month, and Month )  
Year) )

**BY THE COMMISSION:**

(Commissioner's Name), Commissioner  
(ALJ's Name), Administrative Law Judge

On (DATE), in accordance with Indiana Code § 8-1-2-42, (COMPANY NAME) ("Petitioner") filed its Petition for Gas Cost Adjustment with attached Schedules to be applicable during the billing cycles of MONTH, YEAR through MONTH, YEAR with the Indiana Utility Regulatory Commission ("Commission"). On (DATE), in conformance with the statute, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the statistical report and direct testimony of (NAME AND TITLE OF WHO SPONSORED TESTIMONY). On (DATE), Petitioner prefiled the verified testimony and revised schedules of (NAME AND TITLE OF WHO SPONSORED TESTIMONY) supporting the proposed GCA factor.

Pursuant to notice duly published as required by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, a public hearing was held in this Cause at (TIME), on (DATE), in Suite 220, National City Center, 101 West Washington Street, Indianapolis, Indiana. The Petitioner and the OUCC were present and participated. The testimony and exhibits of both Petitioner and OUCC were admitted into the record. No members of the general public appeared or sought to testify at the hearing.

Based upon the applicable law and the evidence presented herein, the Commission now finds:

**1. Statutory Notice and Commission Jurisdiction.** Due, legal and timely notice of the hearing in this Cause was given and published by the Commission as required by law. Petitioner operates a public gas utility, and as such, is subject to the jurisdiction of this Commission as provided in the Public Service Commission Act, as amended. The provisions of said Act authorize the Commission to act in this proceeding. The Commission therefore has jurisdiction over the parties and the subject matter herein.

**2. Petitioner's Characteristics.** Petitioner is a corporation duly organized and existing under the laws of the State of Indiana. Petitioner has its principal office at ADDRESS, CITY, STATE. Petitioner is engaged in rendering natural gas utility service to the public in (INDICATE COUNTIES SERVED) in Indiana; and owns, operates, manages and controls plant and equipment used for the distribution and furnishing of such services.

3. **Source of Natural Gas.** Indiana Code § 8-1-2-42(g)(3)(A) requires Petitioner to make every reasonable effort to acquire long-term natural gas supplies in order to provide service to its customers at the most practical and economical level possible.

**[Petitioner should describe in this paragraph its evidence relating to its portfolio, consisting of storage, spot market purchases, firm purchase for future delivery, financial hedging and other sources of natural gas]**

The Commission has indicated that Indiana's gas utilities should make reasonable efforts to mitigate gas price volatility. Based on the evidence offered, we find that Petitioner has demonstrated that it has and continues to follow a policy of securing natural gas supply at the lowest gas cost reasonably possible in order to meet anticipated customer requirements. Therefore, the Commission finds that the requirement of this statutory provision has been fulfilled.

4. **Purchased Gas Cost Rates.** Indiana Code § 8-1-2-42(g)(3)(B) requires that Petitioner's pipeline suppliers have requested or filed pursuant to the jurisdiction and procedures of a duly constituted regulatory authority the costs proposed to be included in the GCA factor. The evidence of record indicates that gas costs in this Petition include transport rates that have been filed by **(COMPANY NAME)** pipeline suppliers in accordance with Federal Energy Regulatory Commission procedures. The Commission has reviewed the cost of gas included in the proposed gas cost adjustment charge and finds the cost to be reasonable. Therefore, the Commission finds that the requirement of this statutory provision has been fulfilled.

5. **Return Earned** ***[Choose one of the three options described below.]***

***[Option 1 (Under-earning):***

Indiana Code § 8-1-2-42(g)(3)(C), in effect, prohibits approval of a gas cost adjustment which results in the Petitioner earning a return in excess of the return authorized by the last Commission proceeding in which Petitioner's basic rates and charges were approved. The most recent proceeding in which Petitioner's basic rates and charges were approved is Cause No. **XXXXX**. The Commission's **(DATE)** order in that Cause authorized Petitioner to earn a net operating income of **\$X**. Petitioner's evidence herein indicates that for the twelve (12) months ending **(DATE)**, Petitioner's actual net operating income was **\$(X)**. Therefore, based on the evidence of record, the Commission finds that Petitioner is not earning in excess of that authorized in its last rate case.]

***[Option 2 (Over-earning, but no refund due):***

Indiana Code § 8-1-2-42(g)(3)(C), in effect, prohibits approval of a gas cost adjustment which results in the Petitioner earning a return in excess of the return authorized by the last Commission proceeding in which Petitioner's basic rates and charges were approved. The most recent proceeding in which Petitioner's basic rates and charges were approved is Cause No. **XXXXX**. The Commission's **(DATE)** order in that Cause authorized Petitioner to earn a net operating income of **\$X**. Petitioner's evidence indicates that for the twelve (12) months ending **(DATE)**, Petitioner's actual net operating income was **\$X**. Therefore, based on the evidence of

record, the Commission finds that Petitioner is earning in excess of that authorized in its last rate case.

Because Petitioner has earned a return in excess of the amount authorized, Indiana Code § 8-1-2-42.3 requires the Commission to determine the amount, if any, of the return to be refunded through the variance in this Cause. A refund is only appropriate if the sum of the differentials (both positive and negative) between the determined return and the authorized return during the relevant period, as defined by Indiana Code § 8-1-2-42.3 (a), is greater than zero. Based upon the evidence of record, the Commission finds the sum of the differentials during the relevant period is less than zero, and, therefore, it is not appropriate to require a refund of any of the amount over earned in this Cause.]

*[Option 3 (Over-earning, and a refund is due):*

Indiana Code § 8-1-2-42(g)(3)(C), in effect, prohibits approval of a gas cost adjustment which results in the Petitioner earning a return in excess of the return authorized by the last Commission proceeding in which Petitioner's basic rates and charges were approved. The most recent proceeding in which Petitioner's basic rates and charges were approved is Cause No. **XXXXX**. The Commission's **(DATE)** order in that Cause authorized Petitioner to earn a net operating income of **\$X**. Petitioner's evidence indicates that for the twelve (12) months ending **(DATE)**, Petitioner's actual net operating income was **\$X**. Therefore, based on the evidence of record, the Commission finds that Petitioner is earning in excess of that authorized in its last rate case.

Pursuant to the provisions of Indiana Code § 8-1-2-42.3, the Commission shall order a reduction of the GCA factor only if the sum of the differentials between the determined return and the authorized return for the relevant period (as defined by Indiana Code § 8-1-2-42.3(a)) is greater than zero. In this instance, the sum of the differentials is greater than zero, so the Commission must require the refund of the lesser of the current over earning or the sum of the differentials, divided by the number of GCA proceedings conducted during the twelve-month test period, in this case four. This amount is then multiplied by a revenue conversion factor to arrive at the revenues to be returned. Therefore, Petitioner should be required to reduce its gas cost variance during the current period by **\$X**.]

**6. Estimation of Purchased Gas Costs.** Indiana Code § 8-1-2-42(g)(3)(D) requires that Petitioner's estimate of its prospective average gas costs for each future recovery period be reasonable. The Commission has determined that this requires, in part, a comparison of prior estimations with the eventual actual costs. The evidence presented indicates that the estimating techniques of Petitioner during the reconciliation period of **(DATE)** through **(DATE)** ("the Reconciliation Period") yielded an **(OVER / UNDER)**-estimated weighted average error of **X.XX%**. Based upon Petitioner's historical accuracy in estimating the cost of gas, the Commission finds that Petitioner's estimating techniques are sound and Petitioner's prospective average estimate of gas costs is reasonable.

**7. Reconciliation.** Indiana Code § 8-1-2-42(g)(3)(D) also requires that the Petitioner reconcile its estimation for a previous recovery period with the actual purchased gas cost for that period. The evidence presented in this current proceeding established that the variance for the Reconciliation Period is an **(OVER / UNDER)**-collection of **\$X** from its customers. This amount should be included, based on estimated sales percentages, in this GCA

and the next three GCAs. The amount of the Reconciliation Period variance to be included in this GCA as a **(DECREASE / INCREASE)** in the estimated net cost of gas is **\$X**.

The variance from prior recovery periods applicable to the current recovery period is an **(OVER / UNDER)**-collection of **\$X**. Combining this amount with the Reconciliation Period variance, results in a total **(OVER / UNDER)**-collection of **\$X** to be applied in this GCA as a **(DECREASE / INCREASE)** in the estimated net cost of gas.

*[Include the following paragraph if Petitioner must return excess earnings pursuant to I.C. 8-1-2-42.3: Because Petitioner has over earned a refund is necessary pursuant to I.C. 8-1-2-42.3. The total variance to be applied in this GCA should be adjusted to reflect the amount of the refund calculated under that statutory provision. After performing this adjustment, the total variance to be applied in the current recovery period is **[\$X or negative \$X].**]*

*[Use one of the following two options:*

*Option 1 (Petitioner has received no refunds during the recovery period):*

Petitioner received no new refunds during the Reconciliation Period, and has **[no/\$X in]** refunds from prior periods applicable to the current recovery period. Therefore, Petitioner has **[no/\$X in]** refunds to be returned in this Application. Based on the evidence presented, the Commission finds that Petitioner's proposed GCA properly reconciles the difference between the actual costs for the Reconciliation Period, and the gas costs recovered during that same period. ]

*Option 2 (Petitioner has received a refund during the recovery period):*

Petitioner received **\$X** in new refunds during the Reconciliation Period ending **(DATE)**. These refunds should be returned, based on estimated sales percentages, in this GCA and the next three GCAs. The amount of the Reconciliation Period refund to be returned in this GCA is **\$X**.

Petitioner has **[no/\$X in]** refunds from prior periods applicable to the current recovery period. Therefore, Petitioner has **\$X** in refunds to be applied in this GCA as a decrease in the net cost of gas. Based on the evidence presented, the Commission finds that Petitioner's proposed GCA properly reconciles the difference between the actual costs for the Reconciliation Period, and the gas costs recovered during that same period.]

**8. Resulting Gas Cost Adjustment Factor.** The estimated net commodity cost of gas to be recovered during the application period is **\$X**. Adjusting this total for the variance and refund amounts yields gas costs to be recovered through the GCA and Base Rates of **\$X**. After dividing that amount by estimated sales, subtracting the base cost of gas, and adjusting for Indiana Utility Receipts Tax, Petitioner's recommended GCA factor is **\$X.XXXX** /Dth.

**9. Effects on Residential Customers.** The GCA factor of **\$X.XXXX** /Dth represents a **(DECREASE / INCREASE)** of **\$X.XXXX** /Dth from the current GCA factor of

**\$X.XXXX** /Dth. The effects of this change for various consumption levels of residential customer bills are shown in the following table:

**Table 1**  
**Proposed GCA Factor**  
**Vs.**  
**Currently Approved GCA Factor**

Consumption Dth	Bill at Proposed GCA Factor	Bill at Currently Approved GCA Factor	Dollar Change	Percent Change
5	<b>\$ XX.XX</b>	<b>\$ XX.XX</b>	<b>\$ XX.XX / \$(XX.XX)</b>	<b>X.XX% / (X.XX)%</b>
10	<b>\$ XX.XX</b>	<b>\$ XX.XX</b>	<b>\$ XX.XX / \$(XX.XX)</b>	<b>X.XX% / (X.XX)%</b>
15	<b>\$ XX.XX</b>	<b>\$ XX.XX</b>	<b>\$ XX.XX / \$(XX.XX)</b>	<b>X.XX% / (X.XX)%</b>
20	<b>\$ XX.XX</b>	<b>\$ XX.XX</b>	<b>\$ XX.XX / \$(XX.XX)</b>	<b>X.XX% / (X.XX)%</b>
25	<b>\$ XX.XX</b>	<b>\$ XX.XX</b>	<b>\$ XX.XX / \$(XX.XX)</b>	<b>X.XX% / (X.XX)%</b>

The GCA factor of **\$X.XXXX** /Dth represents a **(DECREASE / INCREASE)** of **\$X.XXXX** /Dth from the GCA factor of **\$X.XXXX** /Dth billed one year ago. The effects of this change for various consumption levels of residential bills are shown in the following table:

**Table 2**  
**Proposed GCA Factor**  
**Vs.**  
**GCA Factor One Year Ago**

Consumption Dth	Bill at Proposed GCA Factor	Bill at Prior Year Approved GCA Factor	Dollar Change	Percent Change
5	<b>\$ XX.XX</b>	<b>\$ XX.XX</b>	<b>\$ XX.XX / \$(XX.XX)</b>	<b>X.XX% / (X.XX)%</b>
10	<b>\$ XX.XX</b>	<b>\$ XX.XX</b>	<b>\$ XX.XX / \$(XX.XX)</b>	<b>X.XX% / (X.XX)%</b>
15	<b>\$ XX.XX</b>	<b>\$ XX.XX</b>	<b>\$ XX.XX / \$(XX.XX)</b>	<b>X.XX% / (X.XX)%</b>
20	<b>\$ XX.XX</b>	<b>\$ XX.XX</b>	<b>\$ XX.XX / \$(XX.XX)</b>	<b>X.XX% / (X.XX)%</b>
25	<b>\$ XX.XX</b>	<b>\$ XX.XX</b>	<b>\$ XX.XX / \$(XX.XX)</b>	<b>X.XX% / (X.XX)%</b>

**10. Interim Rates.** The Commission is unable to determine whether Petitioner will earn an excess return while this GCA is in effect. Accordingly, the Commission has authorized that the approved rates herein should be interim rates subject to refund pending reconciliation in the event an excess return is earned.

**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:**

1. The Petition of **(COMPANY NAME)** for the gas cost adjustment for natural gas service, as set forth in Finding Paragraph No. 8, shall be and hereby is approved, subject to refund in accordance with Finding Paragraph No. 10.

2. **(COMPANY NAME)** shall file with the Natural Gas Division of this Commission, prior to placing in effect the gas cost adjustment factors approved herein, separate amendments to its rate schedules with reasonable references thereon reflecting that such charges are applicable to the rate schedules on these amendments.

3. This Order shall be effective on and after the date of its approval.

**HARDY, GOLC, LANDIS, SERVER AND ZIEGNER CONCUR:**  
**APPROVED:**

**I hereby certify that the above is a true  
and correct copy of the Order as approved.**

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**Brenda A. Howe**  
**Secretary to the Commission**